

## WEEKLY HIGHLIGHTS

### WEEK ENDING JANUARY 14, 1994

#### INDUSTRY WEEKLY VOLUME

- This week's industry volume of 8.0 billion units was -2.2% below the seasonally adjusted going rate and +3.0% above forecast. Volume was +46.5% higher than same week last year, which was depressed by accounts paying back from a year-end price increase trade program in December 1992.

#### PM WEEKLY VOLUME AND SHARE

- PM's weekly volume of 3.2 billion units was -8.2% below the seasonally adjusted rate and +17.2% above forecast. This week's volume was +59.7% greater than the same week last year which was significantly below normal as accounts began paying back from the year-end price increase trade program.
- The 73 top 100 accounts purchased at or above 80% of their seasonally adjusted going rates, including seven of the top ten accounts. Three of the top ten accounts, McLane, Core Mark and Eli Witt, purchased below 35% of their seasonally adjusted rate. All three loaded during the last two weeks of 1993.
- PM's share this week of 40.0 was down -3.3 points vs. a week ago. Share was -3.3 points lower than the same week year ago.
- PM's 25.2 share of the Discount category was down -1.7 points from the prior week. PM's Discount share for the latest four weeks was 31.0 vs. 27.6 four weeks ago.

#### PHILIP MORRIS DEVELOPMENTS

- In Nielsen Convenience stores, PM's share for the week ending January 1 declined -0.5 points versus last week and -1.0 points since the week ending 12/18 to 46.6.
- Marlboro's share in Nielsen Convenience stores decreased -0.5 points to 29.2 versus week ago for week ending January 1.
- PM's Discount share in Nielsen Convenience stores fell -0.3 points to 8.9 versus week ago. The Discount Category as a whole declined -0.1 points versus week ago to 32.5.
- In Nielsen Scanning Supermarkets, PM's share for the week ending January 1 increased for the 3rd consecutive week, gaining +0.3 points versus week ago and +0.7 points since the week ending 12/11 to 42.6.
- Marlboro's share in Nielsen Scanning Supermarkets for the week ending January 1 increased +0.2 versus week ago to 22.8. Marlboro's latest four week share was 22.5, up +0.2 points versus four weeks ago.
- PM's Discount share in Nielsen Scanning Supermarkets for the week ending January 1 increased +0.3 points versus a week ago to 9.0 with Basic accounting for 0.2 share points of the gain. PM's latest four week Discount share was 8.9, flat versus four weeks ago.
- Marlboro Adventure Team fulfillment results for the week ending January 5 decreased from 50,675 to 54,441. MAT I, II and III receipts were 1,228 (2.4%), 3,066 (5.6%) and 50,087 (92.0%) respectively.

#### COMPETITIVE DEVELOPMENTS

- According to Nielsen Scanning supermarkets for the week ending January 1:
  - RJR's share increased +0.1 points versus week ago to 31.4. RJR's Discount share increased +0.3 points versus week ago, while its premium business lost -0.2 points. Winston's share declined -0.1 points versus week ago.
  - The Discount category increased +0.6 points versus a week ago to 31.8, primarily reflecting the "first week of the month" phenomena, coinciding with government benefits disbursement. PM's Basic and RJR PL's accounted for the majority of the increase.

#### PRICING

- Within the Nielsen Pricing Audit as of January 8, 1994:
  - National Premium pack prices decreased -1¢, offsetting last week's price increase of +1¢. Lowest Deep Discount prices remained unchanged, narrowing the price gap -0.8 points to 40.4%. Regionally, the price gap widened in Region 1 as Marlboro's average price increased while Lowest Deep Discount's average price decreased. The price gap narrowed in region 5 as Marlboro's price decreased and Lowest Deep Discount's average price increased.

2060081235

|          | LOWEST |        |        |       | Chg. vs. prior week |       |
|----------|--------|--------|--------|-------|---------------------|-------|
|          | MARL   | DD     | \$ GAP | % GAP | \$ GAP              | % GAP |
| NATIONAL | \$1.91 | \$1.36 | \$0.55 | 40.4% | (\$0.01)            | -0.8% |
| R1       | \$2.10 | \$1.57 | \$0.53 | 33.8% | \$0.02              | 1.5%  |
| R2       | \$1.78 | \$1.25 | \$0.53 | 42.4% | \$0.01              | 1.8%  |
| R3       | \$1.91 | \$1.35 | \$0.56 | 41.5% | \$0.00              | 0.0%  |
| R4       | \$1.78 | \$1.27 | \$0.51 | 40.2% | \$0.00              | 0.7%  |
| R5       | \$2.06 | \$1.41 | \$0.65 | 46.1% | (\$0.02)            | -1.8% |

- National Premium carton prices remained relatively stable (+1¢), after increasing +12¢ last week. Lowest Deep Discount prices increased +13¢ as Private Label prices increased (up +15¢, on average, in stores carrying Private Labels). The resulting price gap narrowed -1.4 points to 35.3%, offsetting last week's price gap increase. Regionally, price gaps narrowed in regions 2 and 3, as Lowest Deep Discount prices increased in these geographies. Price gaps widened in regions 1 and 4 as Lowest Deep Discount prices decreased.
- The number of C-stores where Basic's pack price is at a disadvantage with GPC, RJR P/L's, and Lowest Deep Discount increased. However, the average \$ disadvantage in these stores decreased.

|                   | % Stores | Chg. vs. Prior Week | Avg. Price Disadvantage ** | Chg. vs. Prior Week | % Stores Gap >10¢ | Chg. vs. Prior Week |
|-------------------|----------|---------------------|----------------------------|---------------------|-------------------|---------------------|
| Basic > GPC       | 49.8%    | 3.3%                | \$0.21                     | (\$0.02)            | 38.5%             | 0.7%                |
| Basic > RJR P/L   | 75.3%    | 5.4%                | \$0.28                     | (\$0.03)            | 67.4%             | 4.0%                |
| Basic > Lowest DD | 61.8%    | 1.4%                | \$0.26                     | (\$0.01)            | 52.0%             | 0.3%                |

\* All comparisons are based on stores where both brands are in distribution

\*\* Price disadvantage calculated only in stores where Basic > competitor.

- In Supermarkets, the number of stores where Basic's carton price is greater than GPC increased while the average \$ disadvantage decreased. In contrast, the number of stores where Basic's price is greater than RJR P/L's decreased while the average \$ disadvantage increased.
- Nationally, ≤99¢ incidence increased +3 points to 12%. Geographically, incidence increased predominantly in regions 2 and 4, coinciding with decreased lowest Deep Discount pack prices of -3¢ and -2¢, respectively. PM and B&W gained incidence at or below 99¢ versus last week. PM is at or below 99¢ in 29% of stores that have a Deep Discount brand ≤99¢, up +7 points versus last week while B&W's incidence increased +9 points to 23%. RJR's incidence at or below 99¢ decreased -9 points to 42% of stores that have 99¢ pricing.
- GPC and Monarch are each at the lowest price point in 36% of stores, up +4 points versus last week. Increased buy downs on GPC (up +2%) may have contributed to GPC's gain in incidence at the lowest price point.

|              | Lowest Brand |                     |       |                     |       |                     |
|--------------|--------------|---------------------|-------|---------------------|-------|---------------------|
|              | Total        | Chg. vs. Prior Week | Tied  | Chg. vs. Prior Week | Alone | Chg. vs. Prior Week |
| Basic        | 32.9%        | 0.1%                | 27.8% | -0.9%               | 5.1%  | 1.0%                |
| GPC          | 36.2%        | 4.0%                | 24.6% | 2.8%                | 11.6% | 1.2%                |
| Monarch      | 35.7%        | 3.8%                | 29.6% | 3.5%                | 6.1%  | 0.3%                |
| Best Value   | 7.8%         | 0.7%                | 6.8%  | 0.7%                | 1.0%  | 0.0%                |
| PM P/L       | 16.7%        | 0.2%                | 13.4% | 0.5%                | 3.3%  | -0.3%               |
| RJR P/L      | 23.8%        | -1.3%               | 8.4%  | -1.0%               | 15.4% | -0.3%               |
| Liggett P/L  | 8.4%         | 1.3%                | 3.3%  | 0.3%                | 5.1%  | 1.0%                |
| American P/L | 10.9%        | 2.0%                | 5.8%  | 0.7%                | 5.1%  | 1.3%                |

2060081236